

# ANGLICAN DEVELOPMENT FUND

## ***Loan Application Policy and Guidelines for Development Loans***

### **Introduction**

The ADF is available to provide low-cost loans for parish capital expenditure needs.

### **Criteria**

Loans can only be made for the purposes of capital expenditure, including buildings, furniture, fittings and equipment. This covers both property purchase and development and may include repair and maintenance of capital assets.

### **Approval Process**

Applications for loans from the Anglican Development Fund are to be submitted to the ADF Manager at the Anglican Centre, 209 Flinders Lane, Melbourne for assessment. A copy must go to your Archdeacon.

Loans of up to \$500,000 can be approved by Registry Management. Larger loans will be referred to the ADF Management Committee for approval.

Submissions should carry the support of your Territorial Archdeacon/Regional Bishop, so it is a good idea to involve either or both of them from the outset.

ADF loans relating to construction over \$50,000.00 cannot be confirmed until Building Committee approval for the project has been obtained. To speed up the process you are encouraged to send the loan application to the ADF at the time you seek Building Committee approval. In some cases, it may be possible to obtain approval "subject to Building Committee approval."

### **Loan Application Completion**

Application forms can be obtained by phoning or emailing the ADF or from the ADF website. If you need any help to complete the application do not hesitate to phone the ADF Manager on 9653 4220. Detailed budget information is required for at least two (2) years.

### **Loan Conditions**

A loan may be approved subject to various conditions either being met prior to drawdown or being maintained throughout the life of the loan. It is a condition of all loans that:

- assessment payments are up to date
- where the loan is in arrears 90 days+, the vestry authorizes the MATC as trustee of the ADF to withdraw from parish general funds held with the ADF, sufficient monies to pay the amount/s due if this is to become necessary.

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- Vestry is to give a binding and continuing undertaking that the MATC may sell the subject property without the consent of the parish during the life of the loan in the event of failure to repay it as agreed or maintain the maintenance reserve contributions.

### **Approval**

Following approval of the loan the parish will receive written advices in a Loan Offer Letter setting out the terms and conditions of the loan together with a Loan Agreement. A copy of the Letter and the Loan Agreement need to be returned duly signed before any drawdown can take place.

### **Drawdown**

When drawdown is required on a building construction loan, a certificate signed by the architect or project manager is to be sent to the ADF. For smaller works or sub-contract arrangements, send original invoices with confirmation from at least two of the Wardens that the work has been completed to their satisfaction with a request to pay the accounts.

For these smaller loans, payment can be made by electronically to the Parish or the builder.

Where a drawdown is part of a project which has required the approval of the Property and/or Building Committee, then a drawdown request will need to be supported by both the designated Project Manager and the Property Department of the Diocesan Office. Drawdown requests should still be sent direct to the ADF. Payment from a designated account will only be made direct to the approved creditor.

### **Interest Calculation**

Interest will be calculated daily and debited monthly on the last calendar day of the month.

### **Loans**

#### **Interest Rate Policy**

The interest rate to be charged is priced off a base rate. The base rate for Development Loans is currently 6.5%. This is a variable base rate that may be changed at the discretion of the ADF Management Committee, depending on the cost of funds and other operating expenses of the ADF.

Any revision of loan rates will be published in the Registry Update.

When a loan interest rate is raised in accordance with the principles outlined above, then a borrower will have the option of either increasing its repayments to ensure that the loan is repaid in the period originally approved, or maintaining its present repayment rate and seeking an extension of the term of the loan. Each borrower will be notified of the required change in repayments when loan interest rates are changed.

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Most parishes will borrow via a Development Loan. The base lending interest rate for this loan is currently 6.5% and is variable at the discretion of the ADF Management Committee. Based on the level of deposit support, which is reviewed quarterly, the following margins will apply

<b>Level of Deposit Support Coverage</b>	<b>Discount on Current Standard Lending Rate</b>
25%	0.25%
50%	0.50%
75%	0.75%
100%	1.00%

**Repayment**

By equal monthly instalments covering principal and interest over the life of the loan.

Monthly repayments will be calculated on the amount approved at the interest rate (base rate less any applicable margin) applying at the time of loan approval. The repayment amount may change over the loan term, and you will be advised in writing if this occurs.

The initial monthly instalment will be advised in the Letter of Offer. Repayment of this amount will commence on the 1st of the month following initial drawdown, unless drawdown is in the last week of the month when a months grace will occur.

When a loan involves completion of a project, that is it involves a number of progress payments, and is greater than \$200,000, then a borrower may choose between commencing payments at the level indicated in the Letter of Offer in the month following drawdown, or until the project is completed, they may pay by the 10<sup>th</sup> of the month, the interest debited at the end of the previous month. That is, the loan until construction is complete, may be come interest only. When the project is complete, then the monthly payment rate will be adjusted to ensure the loan is repaid within the approved period.

Additionally, at the first anniversary, **at the request of the parish**, the P&I. payments will be reset predicated on the balance of the loan at that time and the remaining term. The twelve month reset of P&I is to allow for GST refunds to reduce the loan.

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**Loan Policy Summary**

	<b>Development Loan</b>
<b>Amount:</b>	No upper limit. The sum borrowed must not exceed the cost of the capital development which may include consultant fees, fixtures and fittings.
<b>Term:</b>	Up to 25 years.
<b>Interest Rate:</b>	Base rate of 6.5% less discount for deposit support (subject to quarterly review).
<b>Funding:</b>	All parishes are eligible for loans. The level of their deposit support, (see above) will affect the interest rate charged.
<b>Drawdown:</b>	Against architect/project manager certificate, invoices or receipts for work completed.
<b>Availability:</b>	Parishes.

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DATE...../...../.....

TO: The Manager  
 Anglican Development Fund  
 The Anglican Centre  
 209 Flinders Lane  
 MELBOURNE VIC 3000

Parish Contact .....

Phone .....

Email .....

COPY TO:TERRITORIAL ARCHDEACON

PARISH NAME:

<b>LOAN TYPE</b>	<b>DEVELOPMENT LOAN</b>	<b><u>LOAN AMOUNT</u></b>	<b><u>TERM</u></b>
		\$	

PURPOSE AND PROPOSAL

	Proposed loan	\$
	Own Funds	\$
	Donations	\$
	Other (Please specify)	\$
	<b>Total Project Costs</b>	\$ <input style="width: 50px;" type="text"/>

OTHER LOAN COMMITMENTS

<i>Lender</i>	<i>Amount Outstanding</i>	<i>Interest Rate</i>	<i>Repayments Per Month</i>	<i>Up to Date Y/N</i>

OTHER AMOUNTS OWING/STATE TO WHOM AND HOW MUCH  
 -INCLUDES ASSESSMENT, L.S.L., INSURANCE

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FINANCIAL SUMMARY (NOTE 1)								
Current Period...../...../.... Note (2)				Previous Year 30/09/..... Note(3)				
Budget		Actual		Budget		Actual		
<i>Receipts</i>	\$		\$	<i>Receipts</i>	\$	\$		
<i>Exp.</i>	\$		\$	<i>Exp.</i>	\$	\$		
<b>Surplus</b>	\$		\$		\$			
Repayment Capacity								
Year 1 30/09/.....		Projection Note (2) 30/09/.....		Note (4) Year 2 30/09/.....		Year 3		
<i>Receipts</i>	\$	<i>Receipts</i>	\$	<i>Receipts</i>	\$	<i>Receipts</i>	\$	
<i>Exp. (3)</i>	\$	<i>Exp. (3)</i>	\$	<i>Exp. (3)</i>	\$	<i>Exp. (3)</i>	\$	
<b>Surplus</b>	\$		<b>Surplus</b>	\$		<b>Surplus</b>	\$	
COMMENTS ON REPAYMENT CAPACITY								
DIOCESAN MINISTRY GRANTS	AMOUNT Last 3 Years		PURPOSE					
	...../...../.....	\$						
	...../...../.....	\$						
	...../...../.....	\$						
SUPPORTING DEPOSITS								

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Comments on proposed plans and strategies to raise supporting deposits.

**SIGNATORIES TO APPLICATION**

WARDEN	
WARDEN	
WARDEN	
NOTED BY THE INCUMBENT	

- Note (1)** Figures of a capital nature to be excluded e.g. sale of property.
- Note (2)** Please forward detailed figures with this application.
- Note (3)** Please fill in total figures. In most cases we can make a judgement from annual return information already held by us so there is no need to send copies of detailed figures if the loan is straight forward. If in doubt send detailed figures.
- Note (4)** Do not include loan repayments. ADF needs to be able to assess the net income available to meet the required payments, both existing and projected, which ADF will calculate.